

CITY OF  
**HAYWARD**  
HEART OF THE BAY

# **FY 2014 Mid-Biennial Budget Update Public Hearing**

*Tracy Vesely, Director of Finance  
June 18, 2013*



# Overview

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- FY 2014 is second of two-year budget
- Presented Proposed Budget Update on May 7
- Held 3 budget work sessions (May 21 & 28, June 4)
  - Department presentations
  - Capital Improvement Program
  - Benefit Liabilities
- Held discussion on social service programs on April 16
- Tonight is public hearing on operating and CIP budgets
  - Highlights budget changes since May 7
- Final budget adoption on June 25



# Hayward's budget status

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- Council priorities continue to drive budget focus
- Significant progress toward closing General Fund gap (\$20M)
  - Gap now about \$2M in FY 2014
    - *May change depending on outcome of labor discussions*
  - FY 2014 budget balances cost containment and progress
- Still need to work toward fully closing GF gap
  - Expenditures continue to increase
  - Economy has improved – reflected in revised projections
  - Prudent budget management needs to continue
- Economic development key to future revenues



# FY 2014 Proposed Budget Update

Budget Summary in 1,000's	FY 2014 Adopted (6/26/12)	FY 2014 Update (5/7/13)	FY 2014 Revised Update (6/18/13)	Change from 5/7/13	\$ Total Change from 6/26/12	% Total Change from 6/26/12
General Fund	127,094	126,403	126,944	541	(150)	-0.1%
All Other Funds	122,328	121,404	121,728	324	(600)	-0.5%
<b>Total Operating Budget</b>	<b>249,422</b>	<b>247,807</b>	<b>248,672</b>	<b>865</b>	<b>(750)</b>	<b>-0.3%</b>

*\*Enterprise, Internal Service, grants, etc.*

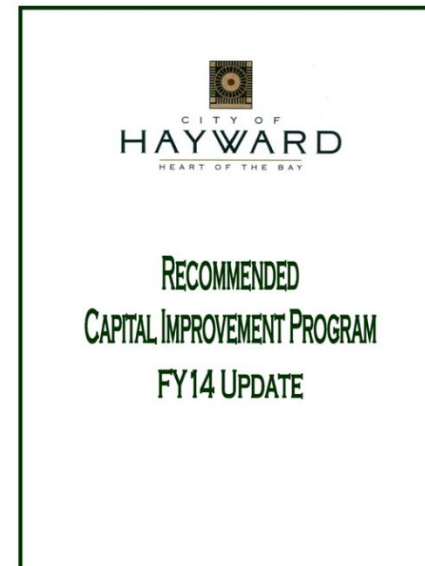
- Overall budget change is a reduction of -0.3% from June 2012
- Since May 7 – total expenditure increase of \$865K
  - Many expenses offset by grant & fee revenues



# FY 2014 Capital Improvement Program

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- FY 2014 CIP Update presented on May 21, 2013
- Total CIP Program for FY 2014 = \$101.3M (all funds)
- General Fund contribution to CIP = \$3.5M
- Reflects changes from May 21 totaling +\$770K



# FY 2014 Proposed Staffing

FTE Summary	FY 2014 Adopted (6/26/12)	FY 2014 Update (5/7/13)	FY 2014 Revised Update (6/18/13)	Change from 5/7/13	\$ Total Change from 6/26/12	% Total Change from 6/26/12
General Fund	621.6	628.1	629.1	1.0	7.5	1.2%
All Other Funds	168.9	173.5	174.5	1.0	5.6	3.3%
<b>Total City Postions</b>	790.45	801.55	803.55	2.00	13.1	1.7%

- Overall budget change is increase of 13.1 FTE from June 2012
- Since May 7 – total add of 2 FTE (1 GF and 1 non-GF)
- Staffing still below FY 2003 high of...
  - 937 FTE for all funds
  - 772.8 FTE for General Fund





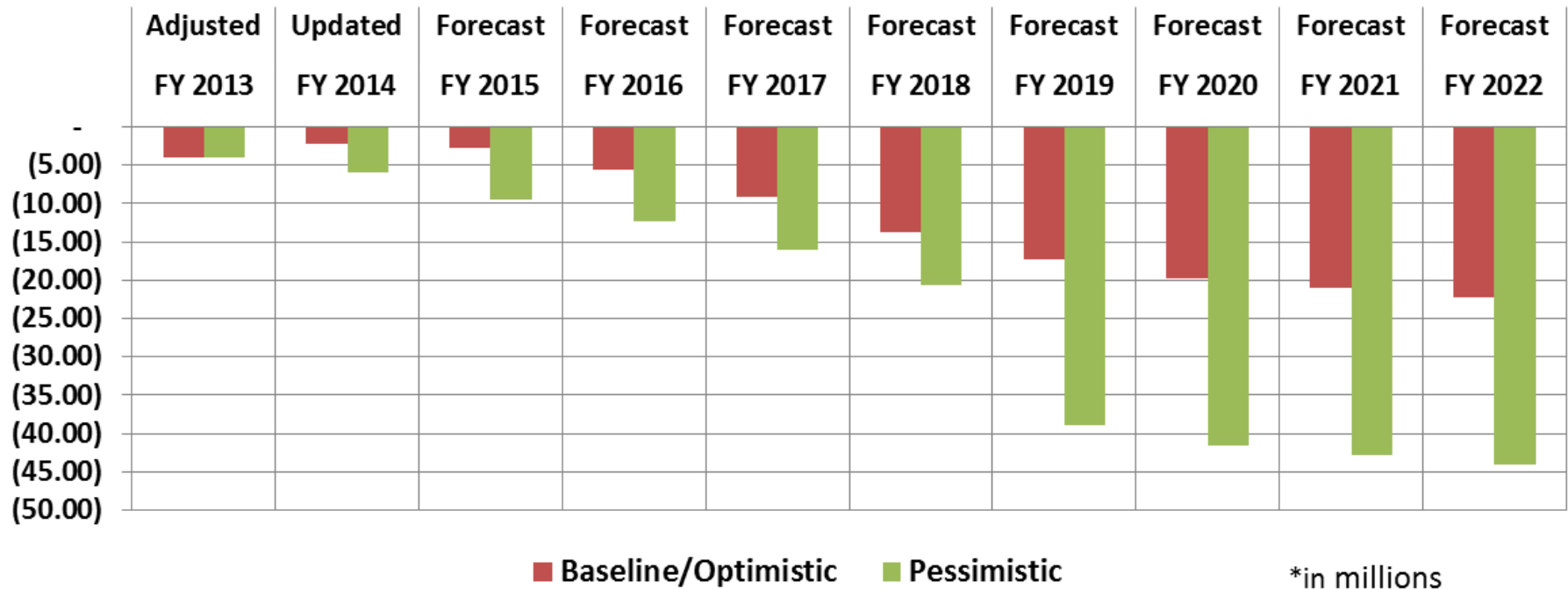
# FY 2014 GF Proposed Budget Update

	FY 2014 Adopted (6/26/12)	FY 2014 Update (5/7/13)	FY 2014 Revised Update (6/18/13)	Change from 5/7/13	\$ Total Change from 6/26/12	% Total Change from 6/26/12
Operating Revenues	\$ 120,262	\$ 124,119	\$ 124,903	\$ 784	\$ 4,641	3.9%
Operating Expenditures	\$ 127,094	\$ 126,402	\$ 126,943	\$ 541	\$ (151)	-0.1%
<b>Total Annual Surplus/(Shortfall)</b>	<b>\$ (6,832)</b>	<b>\$ (2,283)</b>	<b>\$ (2,040)</b>	<b>\$ 243</b>	<b>\$ (4,792)</b>	<b>-70.1%</b>

- Overall improved revenue projections of +\$4.8M (3.9%)
  - Recognizing improved economy (Property & Sales Tax)
- Overall expenditures a reduction (even with some adds)
  - Assume \$1.1M in concession savings
- Since May 7 –
  - Increased revenues of \$784K
  - Increased expenses of \$541K (much offset by fee revenues)
  - Projected gap reduced to \$2M (with assumed concession savings)



# GF 10-Year Forecast



- **Even with “optimistic assumptions” still face gaps**
- **Key Assumptions**
  - Optimistic = UUT renewed, employee concessions continue
  - Pessimistic = UUT sunsets, employee concessions end
  - Funding of some benefit liabilities & CIP included





# Key Budget Pressures

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- Retirement rate increases
- Benefit liabilities
- Medical costs
- Deferred maintenance and capital needs
- Sunset of UUT



# Benefit Liabilities

<i>(in millions)</i>	Actuarial Valuation Date	Accrued Liability	Actuarial Value of Assets	Funded Ratio	Unfunded Liability (1)	Unfunded Ratio
CalPERS Police Safety Plan	6/30/2011	\$ 254.1	\$ 194.9	76.7%	\$ 59.2	23.3%
CalPERS Fire Safety Plan	6/30/2011	\$ 206.4	\$ 161.5	78.2%	\$ 44.9	21.8%
CalPERS Miscellaneous Plan	6/30/2011	\$ 340.5	\$ 262.9	77.2%	\$ 77.6	22.8%
Retiree Medical (all groups)	6/30/2011	\$ 69.0	\$ 0.5	0.7%	\$ 68.4	99.3%
Workers' Compensation	6/30/2012	\$ 11.7	\$ 4.0	34.1%	\$ 7.7	65.9%
Accrued Leave Payouts (2)	6/30/2012	\$ 6.1	\$ -	0.0%	\$ 6.1	100.0%
<b>Total</b>		<b>\$ 887.7</b>	<b>\$ 623.8</b>	<b>70.3%</b>	<b>\$ 263.9</b>	<b>29.7%</b>

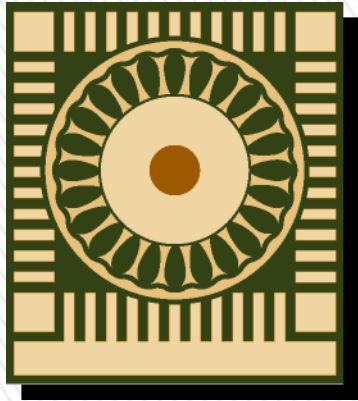


# FY 2014 Budget Update Calendar

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- ❖ May 7: Proposed FY 2014 Update to City Council
- ❖ May 21: Budget Work Session #1
- ❖ May 28: Budget Work Session #2
- ❖ June 4: Budget Work Session #3
- ❖ **June 18: Public hearing on operating & CIP budget**
- ❖ June 25: Adopt operating & CIP budgets





# Questions/Discussion

